



# CALPINE CORPORATION

Natural Gas Market Outlook 2006-2016

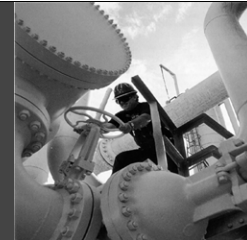
Workshop Sponsored by California Public  
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Commission



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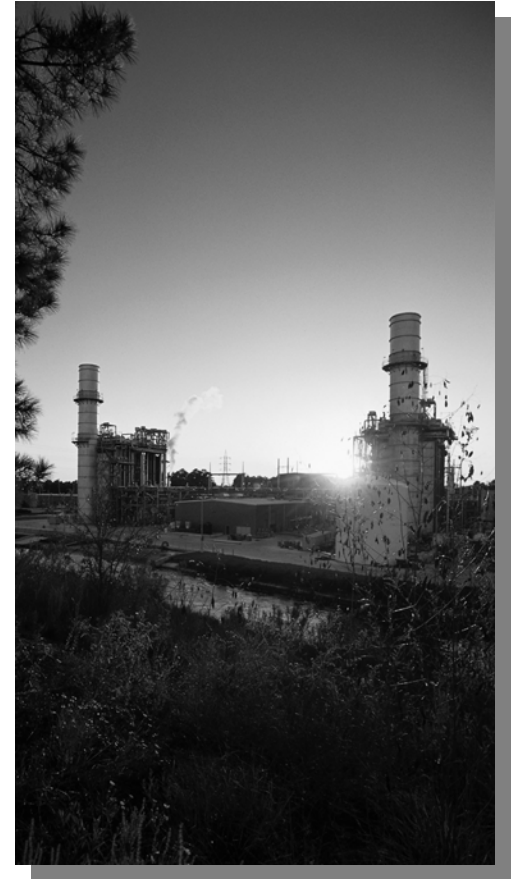


# FORWARD LOOKING STATEMENT



*Certain of the information discussed in this presentation may contain forward-looking statements regarding future events or the future financial performance of Calpine Corporation. We wish to caution you that these statements are only estimates and that actual events or results may differ materially. We refer you to the documents the Company files from time to time with the Securities and Exchange Commission, specifically the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. These documents contain and identify important factors that could cause the Company's actual future results to differ materially from those contained in such forward-looking statements.*

- North America Power Markets
- Modern, Gas-Fired Plants
- Wholesale Markets
- Balanced Gas / Power Portfolio





# CALPINE'S POWER & GAS PORTFOLIO

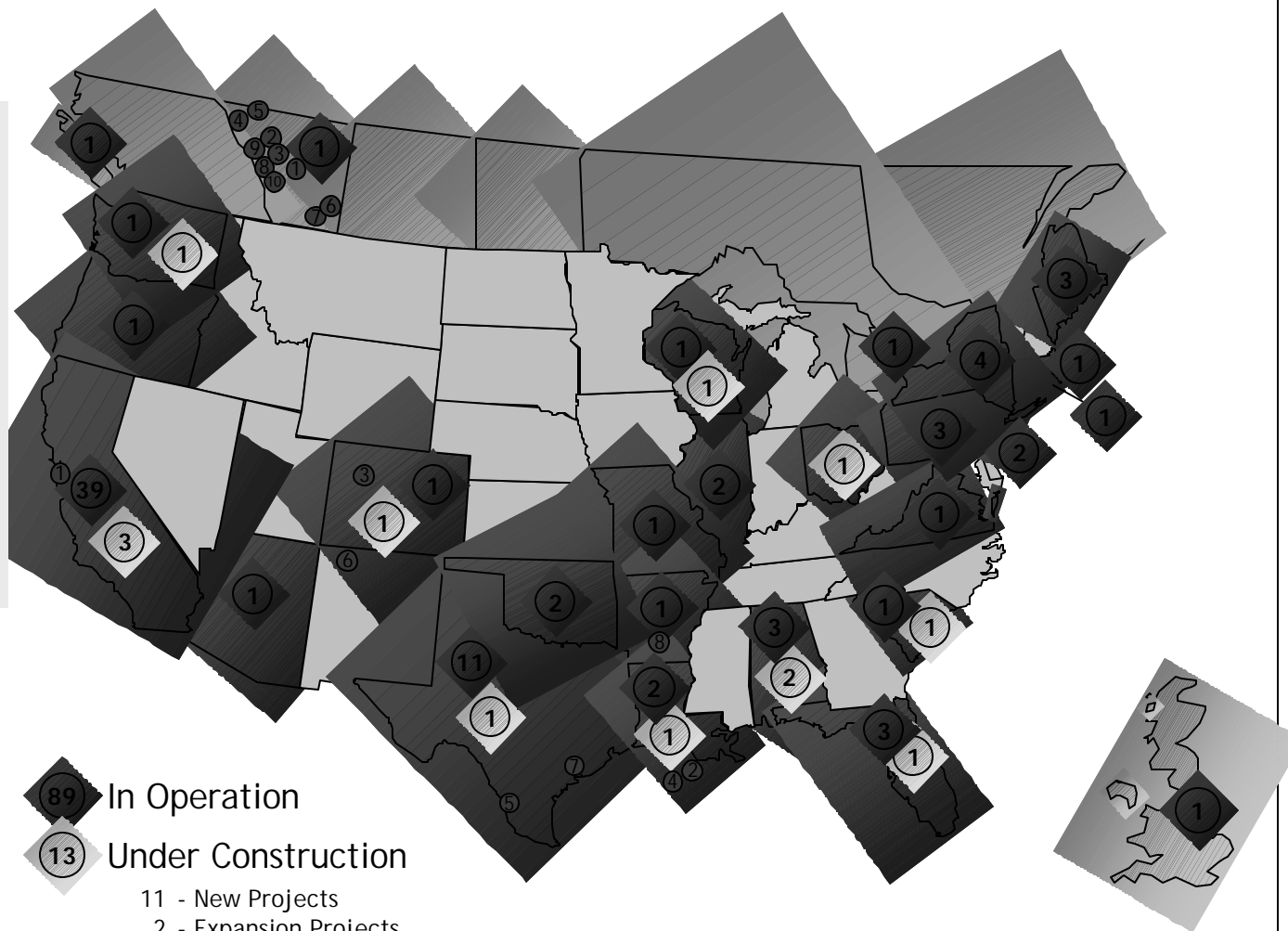
## Major Gas Fields

### U.S.

- 1 Rio Vista
- 2 E. Cameron 88/89
- 3 Mamm Creek
- 4 High Island A-442
- 5 Lobo Trend
- 6 San Juan
- 7 Elwood
- 8 Dorcheat

### Canada

- 1 Irricana
- 2 Wilson Creek/Gilby
- 3 Sylvan Lake
- 4 Pouce Coupe
- 5 Cecil
- 6 Bindloss
- 7 Princess
- 8 Ferrier
- 9 Edson
- 10 Markerville

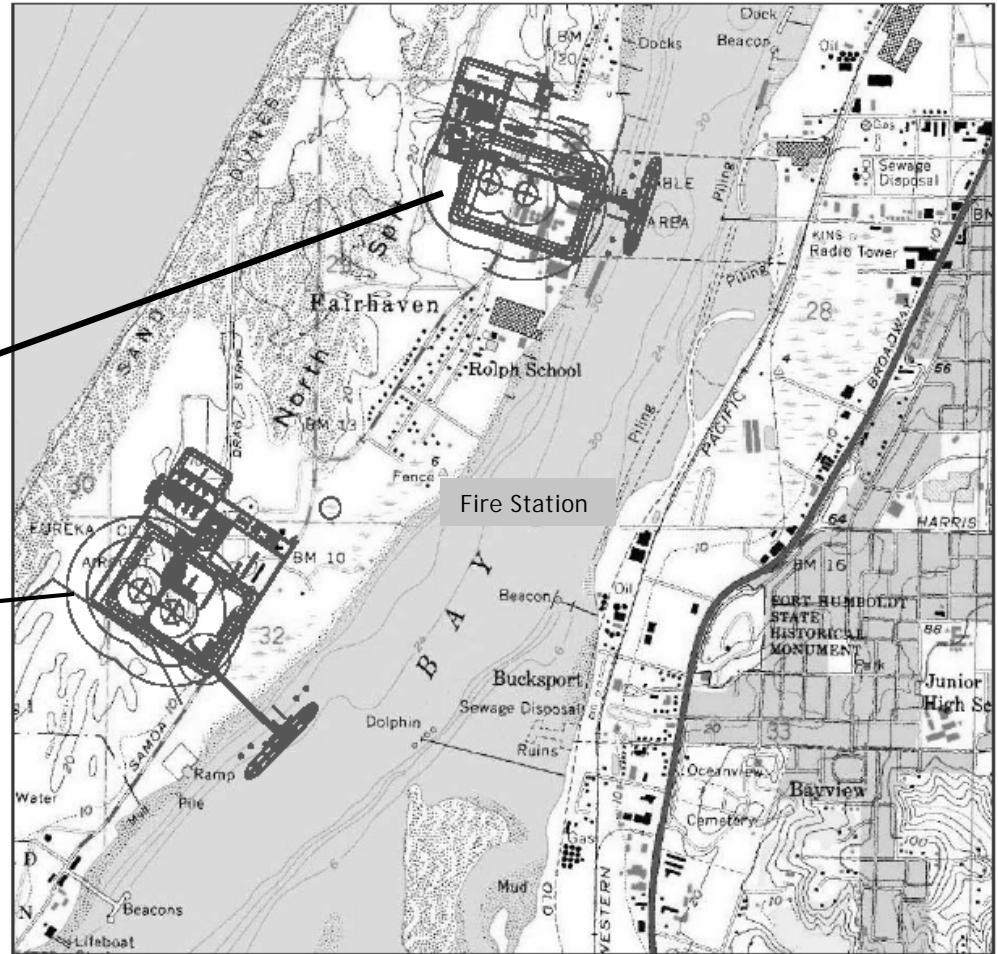




# Calpine's WECC Portfolio

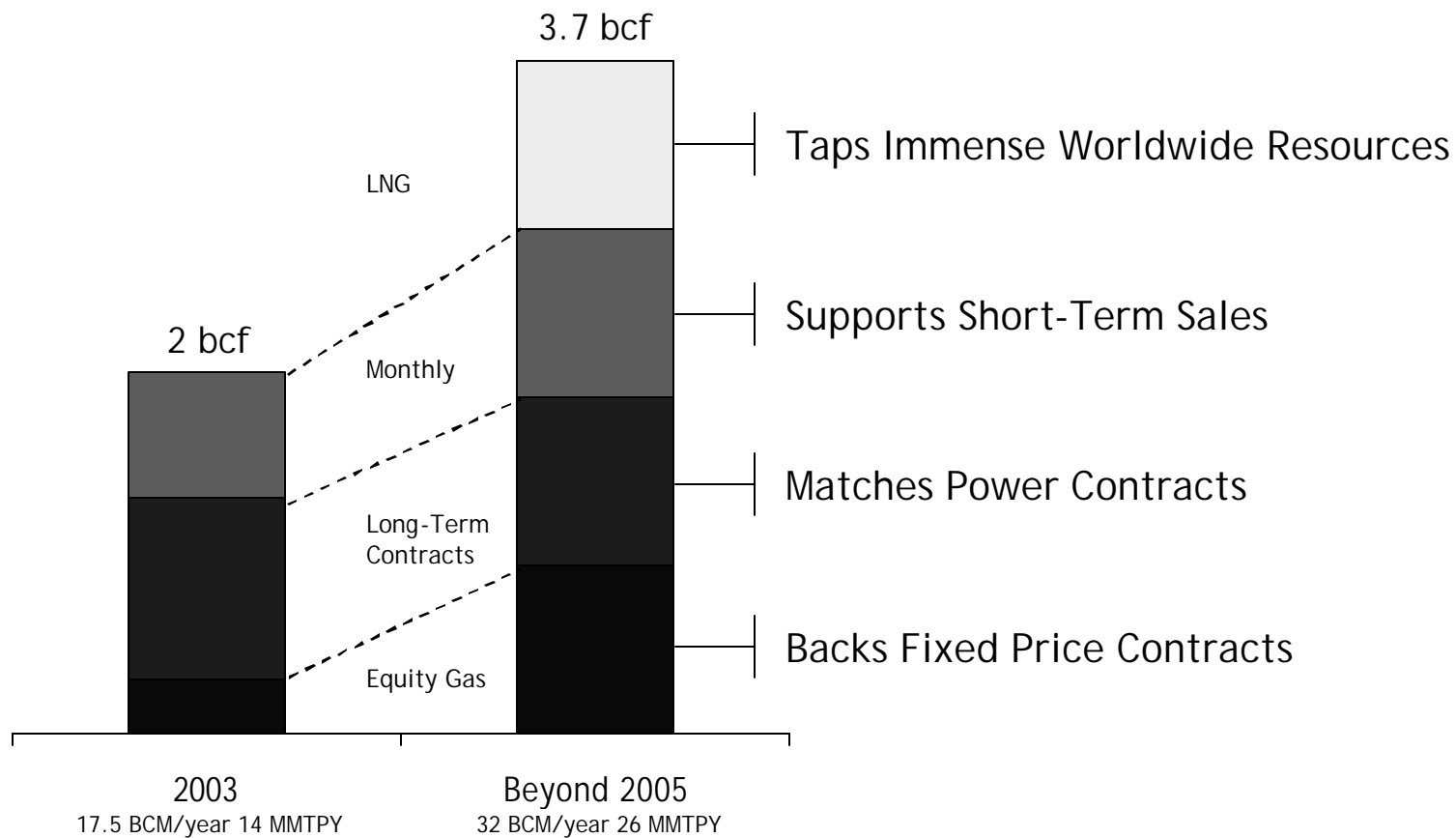
- In operation
  - 5,553 MWs
  - 3,874 MWs (CA)
- In construction
  - 2,794 MWs
  - 1,945 MWs (CA)
- Large gas consumer
  - 700,000 mmbtu/day
- Significant gas producer
  - 100,000 mmbtu/day
- Operates a private pipeline system
  - 330 miles
- Developing LNG
  - Regas/Pipeline/Power

# SAMOA LNG ENERGY CENTER



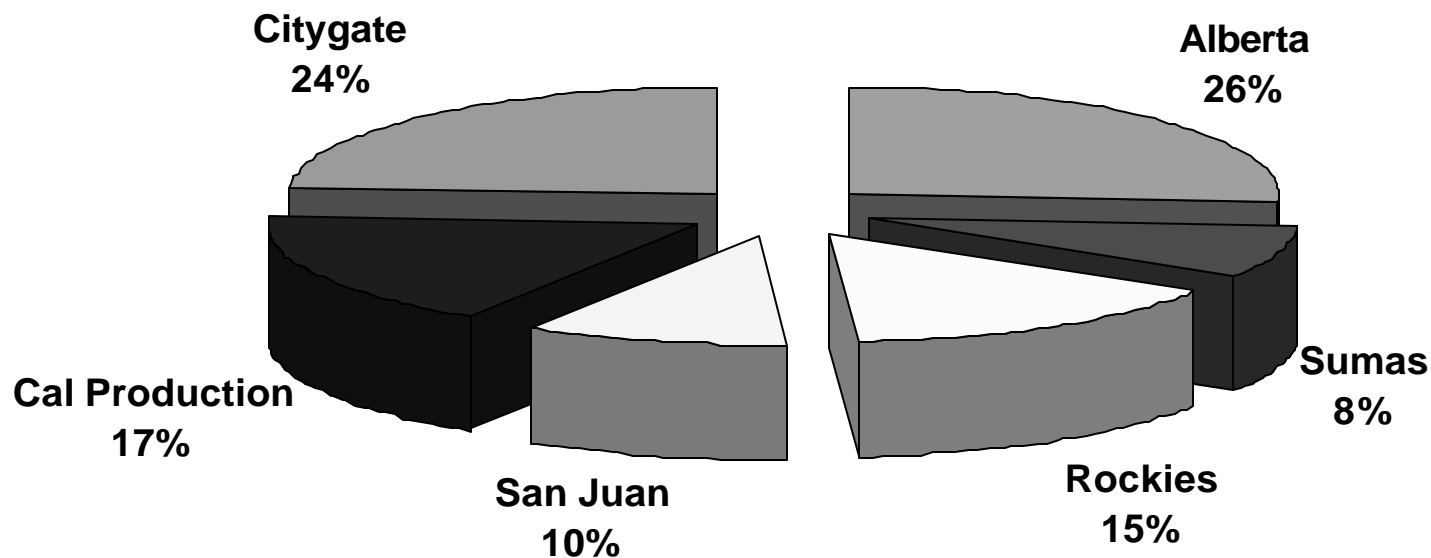
U.S.C.G. Station

## Total U.S. Daily Gas Requirements



# Current Supply Basin Diversity

## Western Region Supply Basins





# Calpine's Natural Gas Commitments

## Calpine's WECC Gas Portfolio

- Calpine Upstream Pipeline Capacity
  - U.S. - 301,000 mmbtu/day
  - Canada - 213,000 mmbtu/day
- Firm California Storage - 112,500 mmbtu/day
- Calpine Gas Production - 245,000 mmbtu/day
  - Rio Vista
  - Alberta, Rockies, San Juan
- Proprietary Pipelines - 100,000 mmbtu/day
  - CPN Pipeline
- LNG
  - Samoa LNG Energy Center

# Diversification is Best Approach

- Calpine concurs with the findings of the Draft Final Commission Report, 2003 Integrated Energy Policy Report, which supports a diversified approach
  - Energy efficiency, including gas fired generation
  - Interstate pipeline capacity
  - In State storage and flexibility
  - In State production
  - Non traditional sources, including LNG

# Who Should Pay

- Market should provide choices including utility and non utility options
- Pricing should be transparent
- Options should include both long term and short term
- Minimize risk of “paying twice”
- “Cost causers” should pay
- Insurance programs centered on storage and pipeline capacity arbitrarily increase costs and create artificial demand for resources that may not be most economically efficient

# Conclusion

- California needs more resources in order to provide reliable power and meet the needs of the core, including California gas and LNG
- Allow the market to provide resources at the best price and under the best available terms
- Provide a level playing field
- Regulatory environment should allow for alternatives and not mandate specific course of actions
- CEC should provide early warning mechanism
- CPUC should encourage active resource development and minimize constraints and barriers to entry